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ABSTRACT

Outstanding Alaskan native art, historical art, historical objects, and archival materials continue to leave or remain outside the state because Alaskan museums, historical libraries, and archives do not have sufficient funding to compete effectively in the national and international markets where these objects are in great demand. In order to preserve essential Alaskan cultural materials within the state, it is proposed that the State of Alaska establish an endowment fund to enable the purchase of exceptional artifactual and archival materials by museums, historical libraries, and archives statewide. A Board of Trustees, governed by statute, would be created within the Department of Education to oversee expenditure of annual derived income, which would purchase exceptional artifactual and archival materials, pay for annual costs to manage the fund, and cover expenses of the Board of Trustees. There appears to be no legal obstacles to the establishment of such a fund if the Legislature annually appropriates derived income to the purposes of the endowment. An initial appropriation of $7.5 million, followed by an additional appropriation in 2 to 3 years is recommended. An investment of $7,750,000 would generate approximately $750,000 in revenues per year for statewide preservation of Alaska's heritage. (JHZ)

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Final Draft

Alaska Heritage Endowment Report

January—1983

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RC015283

Executive Summary: Alaska Heritage Endowment Fund

It is proposed that the State of Alaska establish an endowment fund to provide supplemental funding for purchase of exceptional artifactual and archival materials by museums, historical libraries, and archives statewide.

Need for a Heritage Endowment Fund

Outstanding Alaskan native art, historical Alaskan art, historical objects, and archival materials are in great demand in state, national, and international markets. Yet, Alaskan museums, historical libraries, and archives do not have sufficient funding to effectively compete in these markets. As a result, essential Alaskan cultural materials continue to flow from or remain outside the state.

Structure, Operation, and Funding of An Alaska Heritage Endowment Fund

An initial appropriation to the Alaska Heritage Endowment would be invested and managed by the Department of Revenue. A Board of Trustees, established and governed by statute, would be created within the Department of Education to oversee expenditure of annual derived income from this fund. Derived income would be used to purchase exceptional artifactual and archival materials, pay for annual costs to manage the fund, and cover expenses of the Board of Trustees.

There appear to be no legal obstacles to establishment of such a fund if the Legislature annually appropriates derived income to the purposes of the endowment.

A first phase appropriation of $7,500,000 for the endowment, followed by an additional appropriation in two to three years is recommended. A $7,750,000 endowment would generate approximately $750,000 per year for statewide preservation of Alaska's heritage.

Benefits

An Alaska Heritage Endowment Fund would:

- Provide continuing funding through a one- or two-time appropriation for preservation of Alaska's heritage.
- Enable private and public sector partnership in heritage preservation by providing a mechanism for the state to obtain bequests and donations.
- Serve museums, historical libraries, and archives statewide.
- Assure that outstanding heritage resources are retained or returned to Alaska for the perpetual benefit of Alaskans.

Introduction

Cultural, art, archival, and scientific materials physically and spiritually represent and document Alaska's land and people from prehistoric times to present. These materials:

- Reflect and represent Alaska's artistic and cultural achievements
- Document historical events and personalities
- Provide for advancement of historical and scientific research
- Communicate information, ideas, values, and emotion from person to person and generation to generation
- Support development of quality Alaskan education through direct access to objects and materials of exceptional significance and quality
- Affirm Alaska's unique culture and environment.

The importance attached to preservation of the state's heritage materials is a measure of Alaska's pride and identity with its past, present, and future.

The purpose of museums, historical libraries, and archives is to collect, preserve, and use irreplaceable cultural resources to enrich and benefit present and future generations. At present, this purpose cannot adequately be achieved.

The Alaska State Museum was funded by the Legislature to prepare a report on the potential of a state-funded Endowment Fund to better preserve Alaska's heritage. A Steering Committee comprised of members of the public, and museum, historical library, and archives professionals from throughout the state has analyzed statewide heritage preservation needs and formulated the following plan for an Endowment Fund to meet those needs.

Alaska Heritage Endowment Fund Report

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Tlingit carved and painted wood crest hat with basketry potlatch rings, inlaid abalone shells and an ermine skin, circa 1780. Purchased in 1981 by the Alaska State Museum and the Kiksadi frog clan of Sitka through an agreement with the Tlingit-Haida Central Council and the Sealaska Heritage Foundation.

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Need for Alaska Heritage Endowment Fund

Alaska's Cultural Resources: Historical Perspective

To exemplify present problems for acquisition and preservation of Alaskan cultural and scientific materials, it is useful to outline briefly a part of Alaska's cultural resource history. For purposes of illustration, a specific focus is provided on Alaskan Native cultural materials.

1741 to World War II

Alaska's historical development from 1741 to present has been formed by successive booms and rushes to acquire precious natural resources — fish, sea otters, whales, gold, timber, and oil — for national and international markets.

Extraction did not stop with Alaska's natural resources. The state's cultural and historic resources have long been in demand as well.

New scientific and economic interests in the 18th century stimulated European voyages of exploration and discovery. These explorations irreversibly changed the course of Alaskan history as a host of explorers came to Alaska in search of new lands and riches. Their missions included instructions to return with artifactual collections acquired from people they encountered. Thus began a long history of Alaska Native art and artifact collecting.

The 19th century witnessed the formation of museums, private societies, and a new class of individuals dedicated to the study of natural history, geography, and other cultures. From 1880 to 1930 they turned their attention to, among other places, Alaska. Systematic collectors such as Jacobson, Krause, Emmons, Nelson, Shotridge and others amassed major collections for museums and private collectors outside the Territory. The Smithsonian Institution, the American Museum of Natural History, the University of Pennsylvania Museum, and the Field Museum of Natural History are among the many museums which acquired preeminent Alaskan Native collections during this period. The only collections which remained in Alaska were those developed by Dr. Sheldon Jackson for the Sheldon

Jackson Museum and small collections from G.T. Emmons and Dr. Daniel Neuman acquired by the Alaska Historical Library and Museum.

The Klondike Gold Rush brought tens of thousands of people to the North. Subsequent gold rushes in Nome, Fairbanks, Iditarod, and elsewhere distributed this influx of humanity throughout Alaska. Many individuals collected Native materials; these collections were subsequently dispersed throughout the United States and the world.

Thus from 1741, the date of Vitus Bering's second voyage, to 1930, Alaska's Native cultures — the Tlingit, Haida, Tsimshian, Athapaskan, Aleut, and Eskimo — lost tens of thousands of their finest and most important artistic and ceremonial materials to collectors. Consequently, a major part of Alaska's Native cultural heritage, as reflected and represented by physical objects, resides outside the state, preserved but largely inaccessible to Alaskans. Russian and European museums retain the earliest materials; the balance is held by Canadian and U.S. museums, private collectors, and heirs of poeple who came to Alaska seeking gold or other riches.

A fine example of foreedge painting, which includes important visual information on Sitka in 1870. Alaska State Historical Library and Archives. (photo by Dave Nelson)

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World War II to Present

During the Depression and World War II, systematic collecting of Alaskan Native art and artifacts diminished, though the Rasmussen and Geist collections were developed during this time. There was, however, massive destruction and looting of archaeological sites in the Aleutian Islands by both American and Japanese troops during the war.

The 1960's witnessed a renewed interest in Alaskan Native art. A national and international market began to flourish due to ideal market conditions: limited supply, high demand, and outstanding aesthetic quality.

During the last 15 years, private dealers have canvassed Alaska in an effort to acquire remaining outstanding works of traditional Native art and ceremonial objects. Many exceptional objects that escaped earlier collectors were removed as a result of these later efforts. High market values also stimulated looting of archaeological sites, a practice which continues today.

Alaska Native art is not the only cultural resource attractive to national and international collectors and dealers. Works of Alaskan art by Laurence, Ziegler, Kent, Elliot, Dellenbaugh, and many other historical Alaskan artists are rapidly increasing in demand.

Alaskan historical objects ranging from locomotives, boats, historical aircraft, and cannery machinery to gold rush, homesteading, and other artifacts have not been immune to outside interests. A wide array of historical materials have been removed from the state. In not a few instances, removal has occurred in violation of state and/or federal law.

Finally, there exists an active national and international demand for Alaskan archival materials, including early maps, rare books, documents, records, historical photographs, diaries, and other materials.

Summary

Alaska's cultural and historic resources, much like its natural resources, have been and remain in great demand nationally and internationally. As a consequence, the state has been stripped of a substantial part of its material cultural heritage. The process continues largely unabated even today.

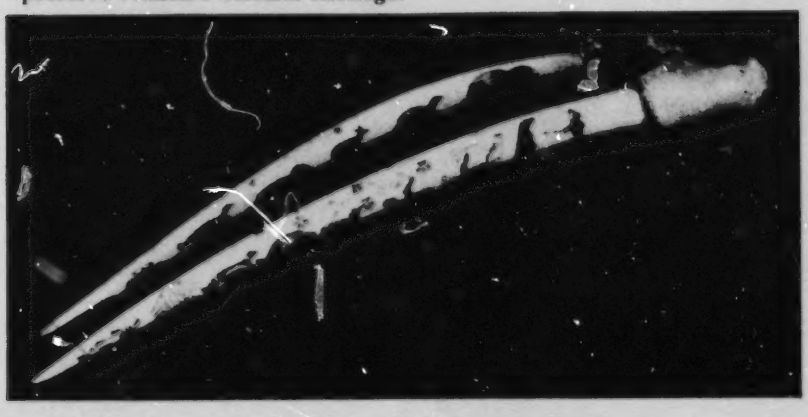
Alaskan Cultural and Historical Resources: Acquisitions and Markets

Purpose and Methods of Acquistions

Acquisition is a primary function of museums, historical libraries, and archives. Without needed materials, these institutions cannot fulfill their overall purposes. The process of acquisition is highly selective and carefully planned, for collections must be capable of supporting immediate and long-range goals designed to serve a highly diverse and extremely large constituency.

Traditionally, museums, historical libraries, and archives have relied heavily on donations to develop their collections. However, recent changes in tax laws have diminished the attractiveness and benefit of donating valuable materials. Though many individuals who possess materials important to Alaska would like to assure that they remain in the or return to the state, it is often impossible to make the necessary financial sacrifice by simply donating the material. Market demand makes it much more profitable to sell. As a result, major donations to museums and historical libraries have decreased nationwide.

It is not possible to develop a balanced and planned collection by means of donations alone. Institutions seldom know what materials will be offered to them by donation or when. Purchase acquisitions, on the other hand, enable institutions to develop their collections systematically in accordance with established long-range plans. Only through effective combined purchase and donation programs can museums, historical libraries, and archives preserve Alaska's cultural heritage.



Incised female walrus tusks from King Island. Purchased in 1920 as part of the Neuman collection by the Alaska State Museum. (photo by Alfred Blaker)

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Alaskan Cultural Materials Markets

The market for Alaskan cultural and historical materials is a system of distinct sub-markets. These markets include Alaskan Native art and antiquities; historical art; contemporary art; archival materials; historical objects; and natural history specimens. Each of these markets can be divided into sub-categories. For example, there is a very active market for historical Alaskan aircraft, a sub-category of the Alaskan historical objects market.

It is not possible to thoroughly describe each of these markets in this report, nor is it necessary. A profile will suffice to demonstrate market conditions.

The Alaska Native Art Market

Premiere Alaska Native objects appearing on national and international markets consistently command top prices. During 1980-81, for example, 78 percent of the highest prices paid for American Native materials at Sotheby Parke Bernet auctions were for Alaskan materials.

Throughout the last decade the overall Alaska Native materials market has increased at rates significantly above the rate of general inflation. Within this framework, prices for specific types of objects have increased radically, often within short periods of time.

For example, outstanding Tlingit ceremonial daggers which sold for $5,000 to $10,000 in the period from 1976 to 1979 jumped in price to a maximum of $170,000 in 1980. The market for Eskimo ivory antiquities has likewise increased substantially over the last several years, with prices not infrequently exceeding $50,000 per specimen.

Demands of the Native Art market are exemplified by a FY 82 purchase from a Southeby, Park, Bernet auction of an exceptional Tlingit clan hat. To return this single outstanding object to Alaska required the Alaska State Museum, in cooperation with several Native organizations, to expend $66,000 — more than half of the State Museum's annual purchase acquisitions fund! Knowledgeable dealers considered the purchase price low.

Likewise museums, historical libraries, and archives have been compelled to cut deeply into acquisition budgets at the expense of other basic collecting activities in order to respond to similar unpredictable opportunities to acquire and preserve exceptional cultural materials.

Historical Alaskan Art

The Alaskan Native Art market is not unique in commanding high prices. Costs for American oil paintings increased in value more than 12 percent per year from 1975 to 1980. Watercolor prices increased 17 percent per year during the same period. The volume of sales for both oils and watercolors increased 45 percent.

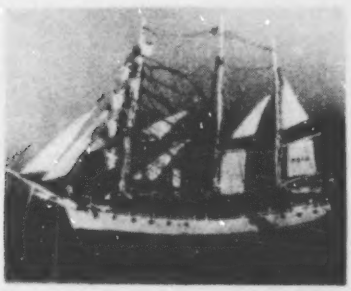
Works by recognized historical Alaskan artists or nationally known artists who worked extensively in Alaska have increased in price dramatically over the last seven years. Works by Sydney Laurence which sold for $5,000 to $8,000 in 1975 now sell for $25,000 to $50,000. A single large Sydney Laurence painting is reputed to have sold for more than $200,000 in recent years.

During the past three years, the University of Alaska Museum, the Anchorage Historical and Fine Arts Museum, and the Alaska State Museum have purchased historical works of Alaskan art which have required payments in excess of $15,000 due to these market conditions.

Alaskan Archival Materials Market

Similar conditions apply to the market for Alaskan archival materials. The value, for example, of historical Alaskan photographs, especially those by recognized early photographers, has increased substantially during the last decade, as has the market for rare books, documents, maps, and historical memorabilia. Major collections of rare books, historical documents, and other archival materials also have sharply increased in value in response to strong national and international markets for Alaskan archival materials. Alaskan institutions often must attempt to compete with private dealers and non-Alaskan organizations for premiere archival materials.

Ivory model of Coast Guard Cutter "Bear," circa 1900. Received as a donation by the Alaska State Museum in 1974. (photo by Alfred Blaker)



The Historical Objects Market

Small collections of historical objects are commonly donated to museums. Larger collections or objects of exceptional historical significance, such as Russian objects, early Alaskan industry materials, or objects associated with famous Alaskan personalities are increasingly available only through purchase.

Many outstanding Alaskan historical collections have been sold out of the state due to lack of sufficient acquisitions funding. The Ma Pullen and Kirmse collections are examples of such collections.

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The cost of acquiring large historical items, such as aircraft, boats, locomotives, mining, and agricultural equipment has prevented museums from adequately preserving these essential elements of Alaska's history.

Average prices for Alaskan historical objects of exceptional significance have increased by approximately 40 percent annually since 1976.

The In-State Art Market

There is a very active in-state market for contemporary and historical Alaskan art. This market is growing rapidly as Alaskan artists develop state, regional, and national reputations. Museums must meet the demands of this market in order to document and represent the development of contemporary Alaskan art.

Alaskan Landscape by Rockwell Kent. Signed and dated 1919. Purchased in 1981 by the Alaska State Museum.

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Acquisition of Cultural and Scientific Resources: Current Status

In FY 82 museums, historical libraries, and archives spent a total of $523,900 for acquisitions of historical and contemporary Alaskan art, Alaskan Native art and cultural materials, historical objects, rare books, historical photographs, and archival documents. Of this total, $366,100 was funded by the State of Alaska, primarily through the University of Alaska Museum, the Alaska State Museum, the Alaska Historical Library, and the University of Alaska Library and Archives in Anchorage and Fairbanks. The bulk of the remainder was expended by the Anchorage Historical and Fine Arts Museum.

Recent state funded investments for acquisition of cultural and historic resources are as follows:

FY 79— $70,000
FY 80— $70,000
FY 81— $82,700
FY 82— $366,100
FY 83— $255,100

These figures do not include archaeological, paleontological, or other scientific research projects or special one-time Legislative appropriations for specific special acquisitions.

Operating in markets which frequently require expenditures of well over $20,000 per object or collection, current funding for purchase acquisitions permits Alaska's museums, historical libraries, and archives to acquire a combined total of less than 10 premiere Native art, archival, historical art, or historical works or collections per year! A far greater number of exceptional works and collections which should be retained in or returned to Alaska are not. Market conditions simply outstrip available funding.

Local museums, historical libraries, and archives typically have little or no funding for purchase acquisitions. Yet many cultural and historical materials are of special significance to a specific locality or region and should be kept or returned to that locality or region. The absence of purchase acquisitions funding forces local organizations to rely almost entirely on donations. As a consequence, few premiere objects or materials are accessible to these organizations and the public they serve.

Summary of Statewide Acquisition Needs

Alaska's museums, historical libraries, and archives cannot adequately acquire and preserve the state's cultural, historic, and scientific resources until the following problems are successfully addressed:

Museums, historical libraries, and archives need the capability to compete effectively in state, national, and international markets for Alaskan cultural materials.

Current funding levels are simply not sufficient to consistently compete successfully in state, national, and international art, archival, and historical markets. Yet Alaskan institutions must compete successfully if irreplaceable, preeminent, and exceptional Alaskan cultural materials are to be kept in Alaska or returned from outside the state.

There is a need for acquisitions funding which is available to museums, historical libraries, and archives on short-term notice throughout the year.

Quartz crystal from geological collections; colloquially known as the "Herkimer Diamond." University of Alaska Museum. (photo by Barry McWayne)

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Availability of premiere Alaskan objects or collections cannot be predicted. Museums, historical libraries, and archives must respond to acquisition opportunities as they arise. At present, if an exceptional object or collection becomes available at or near the end of a fiscal year, or immediately following another major purchase, there often is no choice but to fail to acquire it because of a lack of available funding.

To compound this problem, objects or collections of exceptional significance often become available only once. If the opportunity to acquire them is missed, it is often missed forever. Even if such objects or collections become available for purchase again at a later date, it is highly probable that acqusition costs will have escalated significantly. In short, a lack of access at all times to funding for major acquisitions results either in loss of opportunity to acquire material at all or in higher costs for purchase at a later date.

There exists a special need to acquire exceptional scientific materials threatened by natural destruction.

Important Alaskan archaeological, paleontological, and other scientific materials have been lost due to wash-outs, beach erosion, and other natural events. In spite of a critical need to study such sites and acquire the scientific materials they contain, it has often been impossible to do so due to lack of emergency funding. In addition, the lucrative antiquities market inspires looting of such sites. It is not uncommon for a site to be destroyed by an individual hoping to find a single specimen of high market value. As a consequence, nonrenewable cultural or scientific resources have been irreplaceably lost.

Need for Alaska Heritage Endowment Fund: Conclusion

Alaska's cultural, historic, and scientific resources are an integral part of our individual and collective identity. They reflect our finest achievements, our history, and our cultural diversity. They provide the basis for understanding ourselves and our future.

Investment in cultural, historic, and scientific materials reflects pride in what we are and confidence in what we can become. It is truly a unique investment, one that permanently benefits present and future generations of Alaskans.

In 1921 the Territorial Legislature of Alaska authorized $15,000 for the Alaska Historical Library and Museum to purchase the Neuman collection of Eskimo materials. This comprised .017 percent of the Territory's annual operating budget. In 1982 the State of Alaska authorized $255,000 for acquisition of cultural/historic materials. That amount comprised .000115 percent of the total state budget.

A greater number of Alaska's precious cultural and historic resources should be retained in or returned to Alaska for the primary use of Alaskans. The time is long overdue for Alaska to aggressively preserve its heritage. If that preservation is to take place it is necessary to create a new and expanded capability for all museums, historical libraries, and archives to purchase exceptional heritage materials when the opportunity arises.

The Alaska Heritage Endowment Fund can be an innovative means of achieving this goal.

Alaska Heritage Endowment Fund: Statement of Purpose

The Alaska Heritage Endowment Fund would substantially improve Alaska's capability to preserve and use its cultural heritage by:

- Enabling museums, historical libraries, and archives statewide to purchase objects or collections of exceptional significance to Alaska's cultural, historic, and scientific heritage.
- Supplementing rather than supplanting existing museum, historical library, and archives acquisitions funding and programs.
- Increasing statewide public access to premiere Alaskan heritage materials.

Examples of Alaskan fauna from various of the museum's collections. University of Alaska Museum. (photo by Barry McWayne)

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Establishment and Structure of Alaska Heritage Endowment Fund

Enabling Legislation

It is proposed that the Alaska Heritage Endowment Fund be established through enabling legislation as a state funded endowment. Investment of the endowment fiscal appropriation would be administered by the State Department of Revenue. Annual income generated by the fund would be dedicated to purchase of acquisitions of exceptional value to Alaska's heritage by museums, historical libraries, and archives.

Legality of A State Funded Endowment

In a memorandum of advice dated February 11, 1982, the Office of the Attorney General analyzed the question of whether the Alaska Heritage Endowment Fund would violate the prohibition against dedicated funds contained in Article IX, Section 7, of the Alaska Constitution. A formal opinion providing a more comprehensive analysis of the dedicated funds prohibition was released November 30, 1982. That opinion, a copy of which is appended to this report, discusses in great detail several kinds of funds which could be subject to this prohibition, including funds similar to the proposed Alaska Heritage Endowment. /1

The Office of the Attorney General has concluded that the Legislature can create a fund which does not lapse at the end of the fiscal year. The question remains, however, whether or not income generated by the fund can be made available for distribution with a formal legislative appropriation. The Office of the Attorney General has indicated that, while arguments can be made to the contrary, the Alaska Heritage Endowment Fund would likely be viewed by a court as a prohibited dedicated fund if income generated by the fund is returned to the fund for distribution without having been appropriated. /2

/1 References: Memo from Wilson Condon, Attorney General, by Thomas H. Robertson, Assisant Attorney General, to Alan Munro, Director, Alaska State Museum. Memo from Wilson Condon, Attorney General, to Gerald L. Wilkerson, Legislative Auditor, and Honorable Carole J. Burger, Commissioner, Alaska Department of Administration.

/2 The difficulty that arises from the view that the dedicated funds prohibition is not applicable to interest or investment income is that it allows state agencies to receive and use these funds without legislative control through the annual budget process. Therefore, it is doubtful that the courts would allow a blanket exception of derivative income from the prohibition against dedicated funds.

It may be necessary, therefore, to secure legislative action on an annual or bi-annual basis. /3

Notwithstanding this possible limitation, there appear to be no overwhelming legal obstacles to creation of an Alaska Heritage Endowment Fund.

Appropriations to the proposed Alaska Heritage Endowment Fund would be subject to the recently adopted constitutional spending limit. (See Article 10, Section 16 of the Alaska Constitution. /4

If the precedent established by the purchase of cultural property by the Alaska State Museum is followed, Alaska Heritage Fund expenditures would be capital budget items and thus would not be subject to the absolute spending limit applicable to the operating budget.

/3 We are informed that the Legislature could insert into the operating budget an unspecified but identifiable amount of income to the fund.

/4 The spending limit does not apply to appropriations for Alaska permanent fund dividends, appropriations of revenue bond proceeds, appropriations required to pay the principal and interest on general obligation bonds, and appropriations of money received from non-state sources in trust for a specific purpose. It is possible that some contributions to the Alaska Heritage Endowment Fund could fall within the last category.

Alaska Heritage Endowment Fund Board of Trustees

A seven-member Board of Trustees, established by enabling legislation to serve under and be appointed by the Alaska State Board of Education, would control and distribute annual revenue generated by the Alaska Heritage Endowment Fund (AHEF).

Initial appointees to the AHEF Board of Trustees will draw for two one-year terms, two two-year terms, and three three-year terms. Subsequent appointees will serve full three-year terms. Maximum length of service by appointees shall not exceed six years with at least one year intervening prior to eligibility for reappointment.

Nomination of individuals to serve on the AHEF Board of Trustees will be sought from groups and organizations such as the Alaska Historical Society, Museums Alaska, the Alaska Native Foundation, Alaska Native Brotherhood and Sisterhood, regional Native non-profit cultural organizations, Alaska Anthropological Association, Alaska Libraries Association, local historical societies and museums, related organizations, and the general public.

Nominees will demonstrate knowledge and expertise in one or more of the following disciplines: Alaska ethnology and Native culture, archaeology, anthropology, history, natural history, art, archives and/or library science, or closely related fields. Consideration will be given to geographic and minority representation in selection of Board appointees.

Financial Management of the Alaska Heritage Endowment Fund

The State Department of Revenue currently manages 10 investment funds. Current yield averages 10 percent annually; however, earnings from investments vary depending on prevailing interest rates and other factors.

Costs for management of investment funds by the Department of Revenue range between .025 and .05 percent of annual generated revenues. Interest earnings from the Alaska Heritage Endowment Fund would be applied to the fund continuously as investments mature. All investments will be safe-kept by a safe-keeping agent designated by the fund manager. This method insures that an outside second party guards fund assets and, upon the fund manager's instructions, transfers them to the Alaska Heritage Endowment Fund Board of Trustees for distribution. The endowment would normally be audited annually.

Public and Private Sector Partnership

The Alaska Heritage Endowment Fund would provide a unique and unprecedented opportunity for public and private sector partnership in the preservation of Alaska's heritage by enabling private individuals, organizations, or corporations to contribute to the corpus of the fund. The AHEF Board of Trustees would actively seek private sector support for the endowment.

Bronze double-headed eagle, the Russian imperial crest, circa 1799. Purchased in 1935 by the Alaska State Museum. (photo by Alfred Blaker)

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Operation of the Alaska Heritage Endowment Fund

Board of Trustees

The Board of Trustees would, within the framework of enabling legislation provisions, formulate guidelines, policies, and by-laws controlling operations of the Alaska Heritage Endowment Fund. These would be submitted to the State Board of Education for ratification and approval.

Trustees would meet quarterly or more often as required to conduct business and make timely decisions regarding funding proposals submitted by museums, historical libraries, or archives.

Trustees would be authorized to contract with consultants who possess specialized expertise in various areas of Alaskan cultural or scientific materials to double-check attribution and authenticity of proposed acquisitions, verify estimated market values,or conduct other research as may be deemed necessary to obtain independent third-party recommendations on proposed acquisitions.

Trustee remuneration would be limited to travel and per diem expenses. Funding for travel and contractual services required by the Board of Trustees would be derived from annual revenues of the Endowment Fund. Administrative support of the Alaska Heritage Endowment Fund would be provided by the State Department of Education, Division of Libraries and Museums.

An Annual Report of Alaska Heritage Endowment Fund activities would be submitted by the Board of Trustees to the State Board of Education and the Legislature. This report also would be distributed to museums, historical libraries, archives, other cultural organizations, and interested members of the public.

Funding Procedures and Guidelines

Eligible agencies would submit grant proposals to the AHEF Board of Trustees for purchase of objects or collections of major value and significance to Alaska's cultural, historic, or scientific heritage.

A minimum funding request level would be established through policy by the AHEF Board of Trustees. This would assure that the Heritage

Endowment Fund is primarily directed to acquisition of objects which cannot be obtained through other funding mechanisms.

Criteria for Funding

Types of objects or materials which may be purchased through the Alaska Heritage Endowment Fund would include:

- Moveable objects, archival materials, or scientific specimens which are of major cultural, aesthetic, historical, or scientific importance to Alaska's human and/or natural history.

- Objects, archival materials, or scientific specimens which are clearly related to the stated purposes and collections of requesting agencies and provide immediate and long term benefit to the people of Alaska.

Proposal Requirements

Proposals for purchase acquisition funds submitted to the AHEF Board of Trustees would include:

- Provenience of the proposed acquisition

- Analysis of authenticity and attribution

- Analysis and documentation of the significance, value, and quality of the proposed acquition to Alaska's heritage

- Documentation of market value of the proposed acquisition

- Analysis and specification of immediate conservation requirements and needs and/or copy requirements in the case of archival materials.

- Specification of all conditions of purchase

Museum, Historical Library, and Archives Eligibility Requirements

Alaska museums, historical libraries, and archives would be eligible to submit proposals to the Alaska Heritage Endowment Fund if they meet the following requirements:

- A museum, historical library, or archive must be a duly constituted private nonprofit organization as designated by the Internal Revenue

Service or a municipal, local, or state agency. Private nonprofit organizations must have current Articles of Incorporation on file with the Alaska Department of Commerce.

• A museum, historical library, or archive must have demonstrated capability to provide adequate protection and care of collections in their possession, as determined by the the AHEF Board of Trustees in accordance with generally accepted professional practices and standards.

Aleut twined grass baskets done over glass bottles, circa 1900-1920. Tallest basket, 6". These baskets are from two collections of Aleut baskets received from donors. University of Alaska Museum. (photo by Barry McWayne)

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General Provisions

Ownership of Objects or Materials

Organizations which purchase acquisitions through the Alaska Heritage Endowment Fund would retain ownership of objects. However, statutory or contractual conditions established by the State of Alaska would require that:

- No materials or objects purchased through the Alaska Heritage Endowment Fund may be traded, deaccessioned, or otherwise disposed of without the written permission of the Alaska Heritage Endowment Fund Board of Trustees.

- In the event an organization is incapable of providing reasonable care and protection of objects or materials purchased through the Alaska Heritage Endowment Fund, it would either transfer ownership of the objects or materials to the State of Alaska under the jurisdiction of the AHEF Board of Trustees or ask that the Board of Trustees place such objects or materials in temporary custody of another organization as designated by the Board of Trustees.

Custodianship

The Alaska Heritage Endowment Fund is intended to serve all eligible Alaskan museums, historical libraries, and archives. In the event an eligible institution wished to purchase an acquisition through the Alaska Heritage Endowment Fund but could not, for whatever the cause, immediately provide acceptable care and protection for that acquisition, an appropriate and willing organization could be designated by the AHEF Board of Trustees to serve as a custodian until the applicant agency could provide proper care and protection.

This provision helps assure that agencies which do not have adequate facilities or otherwise fail to meet care and protection requirements are not precluded from participation in the Alaska Heritage Endowment Fund.

Conservation and Duplication

One of the primary functions of the endowment is to preserve Alaska's heritage resources and make them accessible to the public.

Objects acquired through the Alaska Heritage Endowment Fund may require necessary technical conservation treatment to assure long term preservation or use for research or exhibits and education purposes. Requests

for AHEF funding may include costs for conservation treatment. The decision to include such costs in an AHEF grant, and if so, at what level, would be at the discretion of the AHEF Board of Trustees.

Preservation of archival documents and materials often requires that copies be produced to provide for research and public use. Costs for copying archival materials may be incuded in AHEF funding requests under provisions similar to those for conservation.

Scientific Field Work Restrictions

AHEF would not fund routine scientific field work. Funding from AHEF would be considered only if known archaeological, paleontological or other scientific materials of outstanding significance are in imminent danger of destruction or disappearance due to natural causes.

Owl spirit mask; wood, paint; made circa 1945; Kashunuk, Alaska (Yupik); 18" long. University of Alaska Museum. (photo by Barry McWayne)

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Funding the Alaska Heritage Endowment

Proposed Funding Level

It is proposed that the Alaska Heritage Endowment be funded in two increments. This will help minimize impact of the endowment on other state funding needs, provide for establishment and operation of the program at a reduced initial level of funding, and enable evaluation of the program after two to four years of operation. Assuming the program functions successfully, a second increment of funding would be requested.

Projected annual yield on investment of the endowment fund is 10 percent. To double current state investment in acquisition of heritage materials therefore necessitates an initial appropriation of $7,500,000 to the Alaska Heritage Endowment. Revenues generated by investment of this appropriation would yield approximately $750,000 within one year.

Costs for investment management of a $7,500,000 fund by the Department of Revenue would range between a minimum of $18,750 and a maximum of $37,500 per year. Baseline travel and contractual costs for the Board of Trustees to operate the endowment program are projected at $25,000 per year. $12,000 would be for travel and per diem, and $13,000 would be used for appraisal and related services, publication of an annual report, and special clerical support services. This baseline figure could fluctuate to some extent annually, depending on demand for independent appraisal and specialist services.

Assuming Department of Revenue investment management costs at $28,125 (an average of minimum and maximum projections), operational costs for the AHEF Board of Trustees at $25,000, and an annual yield on investment of 10 percent, a $7,500,000 Alaska Heritage Endowment would yield $696,875 for purchase acquisitions at the end of the first year of operation.

More than 35 museums, historical libraries, and archives statewide would be eligible to share in distribution of the $696,875 yield.

Funding available annually for purchase acquisitions would depend on investment yield, investment management costs, and annual operational costs.

The second increment of funding for the Alaska Heritage Endowment, assuming successful operation for two to four years, would range up to $7,500,000. This would, at an optimum, create a permanent $15,000,000 fund for the acquisition and preservation of Alaska's heritage. The need for an additonal $7,500,000 is based on analysis of the existing and anticipated markets for Alaskan materials and collections deficiencies among museums, historical libraries, and archives.

Impact of Alaska Heritage Endowment on Alaskan Heritage Markets

An analysis of anticipated impact of additional funds for acquisition of Alaskan heritage materials in state, national, and international markets has resulted in the following conclusions.

Little if any inflationary increase in costs of Alaskan Native or historical art, historical objects, or archival materials is expected as a result of the infusion of new funding for acquisitions. This results from the following factors:

(1) Acquisitions made through the Alaska Heritage Endowment will be highly selective.

(2) Controls are built into the endowment program to prohibit payment for acquisitions above fair market value by providing for independent third-party assessments and appraisals of proposed acquisitions.

(3) Competition between Alaskan agencies for acquisitions obtained through the Alaska Heritage Endowment will not be permitted. The Alaska Heritage Endowment would likely result in greater control of market values. It would also stimulate availability of materials which otherwise would not enter the marketplace.

Thus no adverse market impact stemming from operation of an Alaska Heritage Endowment Fund is anticipated.

Funding Summary

While an initial investment of $7,500,000 in the Alaska Heritage Endowment is a substantial amount of money, the endowment is a one-time permanent investment in Alaska's heritage. While detailed cash-flow requirements of the endowment and investment parameters which they dictate could be somewhat complex, the overall financial architecture of the endowment is simple and straightforward.

Benefits of an Alaska Heritage Endowment Fund

Creation of an Alaska Heritage Endowment Fund would result in capability for Alaska to, for the first time, adequately collect and preserve its exceptional material heritage — a heritage which reflects the achievements and history of all Alaskans from prehistoric times to present.

The Alaska Heritage Endowment Fund would benefit Alaskans, now and in the future, by:

- Establishing a one-time permanent investment in Alaska's heritage
- Developing an innovative and unprecedented way for the public and private sector to work in partnership for preservation of Alaska's heritage
- Providing the capability for Alaskan museums, historical libraries, and archives to retain or return Alaska's exceptional heritage resources
- Creating a program which meets statewide needs and assures statewide participation by museums, historical libraries, and archives
- Building collections of premiere heritage materials which are accessible to the public and able to fully document and profile Alaska's special human and natural character
- Building a legacy of permanent Alaskan cultural, historical and scientific materials which can be handed down to future generations.

References

1. State of Alaska memorandum dated November 30, 1982. Department of Law, Office of Attorney General, Wilson L. Condon. Re: The dedicated funds prohibition applied to various funds and accounts. Files number J66.785.81 and J66.649.80.

2. Correspondence to Alaska State Museum from members of Alaska Heritage Endowment fund Steering Committee, offering comments on draft report submitted to Steering Committee members by the Alaska State Museum.

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   Pamela Herman, Coordinator
   Student Development Program
   Alaska Native Programs
   University of Alaska

   John Cooper, Director
   Alaska Historical and Transportation
   Museum, Inc.

3. Correspondence to Alaska State Museum.
   Roy Iutzi-Johnson, President
   Museums Alaska

4. Resolution passed at Museums Alaska general meeting in support of Alaska Heritage Endowment Fund.

5. Six Year Auction Analysis. Sotheby Parke Bernet, Auction House.